



PAYING THE COLLEGE BILL



MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY

About MEFA

- Not-for-profit state authority created in 1982
- Helping families plan, save, and pay for college
- Keeping you on track with college planning:
 - **mefa.org**: Information, tools, & resources
 - **Emails**: Sign up now!
 - **Facebook, Twitter, & LinkedIn**
 - **Webinars**: Register online at mefa.org/events

Welcome

*Congratulations on your college
acceptances, students and parents!*



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This Seminar Will Help You To...

- **Understand** your financial aid awards
- **Know** your options if you haven't applied for aid
- **Learn** how to calculate the balance due
- **Determine** options for paying the college bill
- **Develop** an action plan for this year and beyond



Merit-Based vs. Need-Based Aid

Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- Criteria differs from school to school
- Often has requirements for renewal

Need-Based Aid

- Awarded based on family's financial eligibility
- Determined by standardized formula
- Includes most federal, state, and institutional (college) aid

Understand Your Financial Aid Awards

- Types of aid:

1. Grants/Scholarships
2. Work-study
3. Loans

- Sources: federal, state, & colleges

- Financial aid award letters look different!

- Accept all or part by May 1st

SAMPLE UNIVERSITY

Dear Joe Sample:

GENERAL INFORMATION

The Office of University Financial Aid has prepared this statement using the following criteria:

Academic Level: Undergraduate Freshman

Dependency Status: Dependent

College: Undergraduate

Major/Program of Study: Non-Declared Major

Housing Category: On-Campus Housing

| | |
|--------------------------------------|-----------------|
| ESTIMATED COST OF ATTENDANCE: | \$55,000 |
| Tuition and fees: | \$39,000 |
| Housing and meals: | \$13,000 |
| Books and supplies: | \$ 1,000 |
| Personal and miscellaneous: | \$ 2,000 |

AWARD

| Description | Fall | Spring | Total | Accepted Y/N |
|--|-------------|-------------|--------------------|--------------|
| 1 President's Scholarship | \$10,000.00 | \$10,000.00 | \$20,000.00 | Y/N |
| Federal Pell Grant | \$600.00 | \$600.00 | \$1,200.00 | Y/N |
| Federal Supplemental Educational Opportunity Grant (FSEOG) | \$500.00 | \$500.00 | \$1,000.00 | Y/N |
| State Scholarship | \$450.00 | \$450.00 | \$900.00 | Y/N |
| 2 Federal Work-Study (FWS) | \$1,500.00 | \$1,500.00 | \$3,000.00 | Y/N |
| 3 Federal Perkins Loan | \$1,250.00 | \$1,250.00 | \$2,500.00 | Y/N |
| Federal Direct Loan – Subsidized | \$1,750.00 | \$1,750.00 | \$3,500.00 | Y/N |
| Federal Direct Loan – Unsubsidized | \$1,000.00 | \$1,000.00 | \$2,000.00 | Y/N |
| Total: | | | \$34,100.00 | |

If any of the information in the table above is incorrect, please contact the Office of Financial Aid in writing or via the Ask the Counselor service.

Office of University Financial Aid
Sample University, 199 State Street, 4th Floor, City, MA 02009
800.555.1212 www.sampleuniversity.edu

This example is an estimate only.

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Federal Direct Student Loans

- Student is the borrower – no credit check
- Annual limits: \$5,500 freshman year \$6,500 sophomore year
 \$7,500 junior year \$7,500 senior year
- Fixed interest rate changes annually: 4.29% for 2015-16
- Two types:
 - Subsidized: Interest accrues after student leaves school
 - Unsubsidized: Interest accrues immediately
- 1.068% fee deducted from loan amount
- Promissory Note & Entrance Counseling: **StudentLoans.gov**
- No payments while in school
- Several repayment options: **StudentAid.gov**

Verification

- Colleges verify data on financial aid applications
- Students selected by Dept. of Education or college
- **Must comply** to receive financial aid
- Families must submit additional documentation:
 - IRS Data Retrieval Tool
 - Tax Return Transcript
 - Verification Worksheet
 - Asset Account Statements
- Some schools use IDOC



If You Have Not Applied For Aid

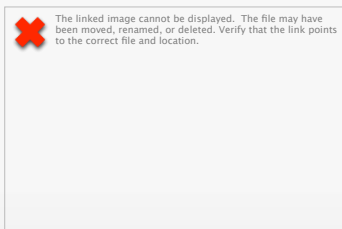
- Federal & state financial aid is still available
 - File the FAFSA for federal and state aid
 - MA financial aid deadline is May 1st
- Many college financial aid deadlines have passed
- Payment plans are open to all
- Anyone may apply for private loans



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A Word About the Waitlist

- Some schools have a very long list
- Must submit enrollment deposit at another school
 - This is usually non-refundable
- Accepted off the waitlist = minimal financial aid
- Steps to take when on the waitlist:
 - Formally accept spot on the waitlist
 - Write a short note to the admissions counselor
 - Update the school with recent grades and awards
 - Keep in touch with the school over social media



Calculating the Balance Due

College charges - financial aid & enrollment deposit = balance due

College charges:

- Tuition
- Fees
- Room
- Board/Meal Plan
- Health Insurance

Don't forget incidentals:

- Books
- Transportation
- Laptop
- Personal expenses

The screenshot shows the 'My College Cost Calculator' interface. At the top, it says 'Pay for College' with social media icons. The title 'My College Cost Calculator' is prominent. Below it, a note states: 'Use My College Cost Calculator when you receive financial aid award letters to calculate your balance due at each prospective college.' There is a form for 'College Name' with a 'School' button and a '+ Add School' link. The 'DIRECT COSTS FOR ONE YEAR' section includes input fields for Tuition, Fees, Room and Board, Health Insurance, and Other Direct Costs. The 'GRANTS AND SCHOLARSHIPS' section includes an input field for the Federal Pell Grant.

mefa.org/my-college-cost-calculator/

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A Pathway to Paying the Balance Due

| Balance Due | | \$20,000 |
|--|-----------------|------------|
| <i>Past Income (Savings)</i> | | |
| | Student Savings | -\$1,000 |
| | Parent Savings | -\$4,000 |
| <i>Present Income (Current Wages)</i> | | |
| Parent Contribution to Payment Plan | | -\$5,000 |
| <i>Future Income (Private College Loans)</i> | | |
| | Education Loan | -\$10,000 |
| | | \$0 |

Past Income: Savings

- 529 College Savings Plans
- Prepaid Tuition Plans
- Savings Bonds
- Stocks
- CDs
- Student Bank Accounts
- Other Investments



Utilizing Savings from the U.Plan and U.Fund

U.Plan Prepaid Tuition Program

- U.Plan Distribution Request Forms will be mailed in April
- Questions?
 - Email info@mefa.org
 - Call **(800) 449-MEFA (6332)**, option #1



U.Fund College Investing Plan

- Visit fidelity.com/saving-for-college/529-plan-distributions to:
 - Obtain a 529 College Investing Plan Distribution Form
 - Set up BillPay® to send funds directly to the college
- Questions?
 - Call **(800) 544-2776**



Present Income: Salary

Consider using an **interest-free monthly payment plan**

- Pay over 5 to 12 months
- No interest charges or credit requirements
- Minimal enrollment fee
- Great option to minimize borrowing
- Plans typically begin in May, June, or July
- Contact the college for more information

Future Income: Private Loans

Be a **wise borrower**





- Know your credit history
- Borrow only what you need
- Think in terms of total enrollment (4+ years) and total debt
 - Consider the post-graduation monthly repayment
- Consider major/career, employment rates, & starting salary
- Understand:
 - Fixed or variable interest rate
 - Repayment timeline
 - Primary borrower
- Attend our Comparing Loan Options Webinar
 - Thursday, June 2nd @ noon
 - Tuesday, July 12th @ noon



Create a Financing Strategy

mefa.org/loan-payment-calculator/

[Pay for College](#)



Loan Payment Calculator

Use our Loan Payment Calculator to determine your total cost and monthly payment on a MEFA loan. To minimize borrowing, we also recommend that you consider using your college's interest-free monthly payment plan to pay for a portion of your college costs. Talk to your college financial aid office for further details.

Amount to finance per year: \$

Years before graduation:

SUBMIT

| | Immediate Repayment: 10 Years | Immediate Repayment: 15 Years | Interest-only Repayment | Deferred Repayment | Student Deferred with Co-borrower Release |
|------------------------------|-------------------------------|-------------------------------|-------------------------|--------------------|---|
| IN-SCHOOL MONTHLY PAYMENT | | | | | |
| POST COLLEGE MONTHLY PAYMENT | | | | | |
| TOTAL COST OF LOAN | | | | | |
| INTEREST RATE (IN-SCHOOL) | 5.49% | 5.99% | 6.84% | 7.19% | 7.89% |
| INTEREST RATE (AFTER-SCHOOL) | 6.24% | 6.74% | 7.79% | 7.19% | 7.89% |
| APR | 6.60%-6.94%** | 6.98%-7.25%** | 7.88%-8.26%** | 7.16%-7.77%** | 7.78%-8.48%** |
| | LOAN DETAILS | LOAN DETAILS | LOAN DETAILS | LOAN DETAILS | LOAN DETAILS |

Call MEFA at **(800) 449-MEFA (6332)** with your borrowing questions

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The Benefits of Education Loans

MEFA Undergraduate Loan

- Fixed interest rates
- Starting at **4.99%** (APR 6.13% - 6.51%)
- For MA residents attending college anywhere or students attending college in MA
- **Family loan:** student and parent or other credit-worthy borrower are co-borrowers and share responsibility
- Credit-based
- Multiple repayment options
- Origination fee: 4%

Federal Direct Parent Loan (PLUS)

- 6.84% fixed interest rate
- Requires filing the FAFSA
- Parent or custodial step-parent is borrower
- Credit-based
- Repayment begins in spring semester or after graduation
- Origination fee: 4.272%

Timing: Paying Your Bill

- Fall semester bill sent in June or July
- Fall semester bill due in July or August
- Apply for private loans at least 2 weeks before bill deadline
- Set up payment plans according to the college schedule



Financial Aid Office as a Resource

Learn about your financial aid

- Financial aid renewability criteria (financial, academic)
- Treatment of private scholarships

Ask about special considerations

- Can I appeal my award?
- Changes in family circumstances

Find out additional details

- Open House and Orientation programs
- Additional financial resources

Use every avenue

- Financial Aid Office website
- In-person meeting
- Phone call

What's Next?

- Pay your enrollment deposit by May 1 (if required)
- Make plans to attend Orientation
- Create a plan as a family to pay the balance due
- Utilize MEFA as your resource
 - Sign up for MEFA emails to stay on track
 - Use tools on **mefa.org**: webinars, calculators, videos
 - Take advantage of one-on-one counseling with the MEFA team
 - Phone: **(800) 449-MEFA (6332)**
 - Email: **info@mefa.org**

Connect with MEFA on Social Media



Another great place to get your questions answered!



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Thank You

Questions?

mefa.org
(800) 449-MEFA (6332)
info@mefa.org



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